



Section 1.5

Activity 1.5.1

Research task.

Activity 1.5.2

1. Increase in the labour force between 2000 and 2020: 83.75%.
2. The following changes are forecast to take place to the age distribution of the working population of the country. The percentage of:
 - 15–24 year olds will fall
 - 35–54 year olds will increase
 - 25–34 and 55–64 year olds will rise marginally.
3. The following changes are forecast to take place to the educational attainment of the country. The percentage of people educated to:
 - Primary level only will fall
 - Lower and middle secondary will fall
 - Tertiary (university) will rise.
4. The changes in demography and educational level might have the following effects on a business's human resource management:
 - Rising number of older job applicants (age 35–54)
 - Ageing work force
 - Increased education level of job applicants
 - More educated labour force
 - More skilled and older labour force may ask for higher wages
 - Labour force may be more skilled and productive.

Activity 1.5.3

Research task.



Activity 1.5.4

1. 'Information technology' (IT) is the use of electronic technology to gather, store, process and communicate information.
2. The increased use of technology in IT might benefit supermarkets' customers in the following ways:
 - Increased efficiency reduces unit costs and make goods cheaper
 - Orders can be made online and goods delivered to homes
 - Self-service checkouts reduce queuing times.
3. The benefits of RFID to collect data might benefit supermarkets in the following ways:
 - More targeted marketing
 - Ordering from suppliers is more efficient
 - Changes in consumer taste and preferences can be seen more easily.
4. The advantages of the wider use of IT in supermarket retailing might be:
 - More efficient systems reduce unit costs
 - Online ordering and delivery increases sales
 - Digital marketing increases sales.

The disadvantages of the wider use of IT in supermarket retailing might be:

- Online price comparisons make the consumer more price conscious and reduce profit margins
- Increased use of self-check outs reduces the 'personal touch' of customer service
- Increased competition from online retailers, particularly in non-food areas.

Activity 1.5.5

1. 'Inflation' is the sustained increase in the general level of prices in the economy.
2. Inflation might have the following effects on businesses in China:
 - Costs of production increase
 - Consumers have less disposable income to spend on goods and services
 - Interest rates rise which increases borrowing costs.
3. Interest rate rises in China might affect businesses in the following ways:
 - A reduction in demand for a business's goods as consumers have higher borrowing costs
 - An increase in business costs as they have to pay more interest on borrowed funds.



4. High-speed growth in China might bring the following advantages to businesses:

- Rising demand for their goods
- Better infrastructure and public services because the government collects more tax
- Lenders and investors are more willing to provide finance in a growing economy.

It may also bring the following disadvantages:

- Lower unemployment, which reduces applicants for jobs
- Higher costs as wages and raw material prices rise
- Rising interest rates increasing borrowing costs.

Activity 1.5.6

1. Two reasons for India's growing air pollution problem might be:

- Increased car use
- Increased factory output.

2. The measures proposed to reduce air pollution might influence objectives and strategies of multinationals in the following ways:

- Stopping production in India and relocating somewhere else
- Shifting their most air polluting activities to another country
- Shutting down their most air polluting areas of production
- Investing in non-polluting producing technology
- Stopping selling/reducing air pollution producing goods (cars) to India
- Renewable/clean energy businesses expanding into India.

Activity 1.5.7

Political instability might have the following effects on businesses in the Crimea:

- Sales fall as consumers become more wary
- Costs rise as imports become expensive if there are restrictions
- Operations become more difficult if there is unrest
- Investment finance is more difficult to attract from abroad
- Loan finance is more difficult to attract from abroad
- Costs rise as insurance and security costs become more expensive
- Exporting is more difficult if there are restrictions.



Activity 1.5.8

1. China introduced new employment laws to improve working conditions for workers.
2. The employment laws might:
 - Help business interests if worker motivation rises
 - Damage business interests if employment costs rise.
3. Research task.

Activity 1.5.9

1. India and Malaysia introduced new laws to improve consumer rights and protection.
2. The consumer laws might:
 - Help business interests if protected consumers buy more
 - Damage business interests if complying with regulations increases costs.
3. Research task.

Exam practice question

1. 'Economic growth' is the rise in real GDP of a country over a given time period.
2. Starbucks might be attracted to open outlets in Vietnam because of:
 - The large potential market
 - Low set-up costs
 - Low production costs.
3. Problems Starbucks might face when opening outlets in Vietnam might include:
 - The bureaucratic regulatory framework
 - Different consumer tastes
 - Political resistance to multinationals.
4. STEEPLE analysis might have the following benefits to Starbucks as it enters the Vietnamese market:
 - Provides an assessment of each aspect facing the business



- Can be used to develop the opportunities and threats in a SWOT analysis
- Can be used to develop strategic objectives
- Helps localised decision-making.

A steeple analysis has the following weaknesses:

- The results are generalised across the economy
- It changes over time
- It is difficult/impossible to quantify certain aspects.

Key concept question

Increased globalisation might have impacted on business strategy in the following ways:

- Increased number of potential customers
- More diverse range of consumers
- Increased level of competition
- Access to employees from different countries
- Ability to set up and produce in different countries
- Access to an increasing range of suppliers.

Cultural change might have impacted on business strategy to take into account the following:

- Taste and preferences of consumers
- Attitudes of employees
- Government regulation on business
- Aims of shareholders
- Attitudes of lenders and creditors
- Influence of special interest groups
- Attitude of suppliers.